



## ADMINISTRATIVE SERVICES DEPARTMENT

### MEMORANDUM

**DATE:** February 25, 2013

**TO:** The Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency

**FROM:** Tracey L. Hause, Administrative Services Director

**SUBJECT:** **ADOPTION OF A RESOLUTION APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("ROPS 13-14A") FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013, IN ORDER TO COMPLY WITH SECTION 34177 OF THE HEALTH AND SAFETY CODE**

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#### RECOMMENDATION:

- a) Review the ROPS 13-14A for the period of July 1, 2013 – December 31, 2013;
- b) Adopt a Resolution approving the ROPS 13-14A; and
- c) Direct Successor Agency staff to transmit the ROPS 13-14A, if approved, to the Los Angeles County Auditor-Controller, the State of California and the State Department of Finance ("DOF").

#### BACKGROUND:

1. On June 29, 2011, as part of adopting the State of California Fiscal Year (FY) 2011-12 budget, the Governor signed two trailer bills, AB X1 26 and AB X1 27, into law. The legislation was effective on June 29, 2011. AB X1 26 eliminated redevelopment agencies as of October 1, 2011. Under AB X1 26 (chapter 5, Statutes of 2011), an Oversight Board was established to oversee the actions of the Successor Agency to the Temple City Redevelopment Agency (Successor Agency).
2. On July 18, 2011, the California Redevelopment Association and League of California Cities filed suit to invalidate AB X1 26 and AB X1 27.
3. On December 29, 2011, the California Supreme Court announced its decision in *CRA v. Matosantos* upholding AB X1 26 as a constitutional exercise of the

Legislature's power, but striking down AB X1 27 as unconstitutional. On January 13, 2012, in the absence of any election to the contrary, the City of Temple City (i.e., "City") became the successor entity for the general functions of the Temple City Community Redevelopment Agency.

4. On February 1, 2012, unless urgency legislation or another pending lawsuit intervened, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency.

### **ANALYSIS:**

AB X1 26 requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") for each six month period. The ROPS essentially serves as an invoice between the Successor Agency and the Los Angeles County Auditor-Controller and dictates how much former property tax increment will be released by the County for the six month period to the Successor Agency to pay for enforceable obligations. Only payments listed on the ROPS may be made by the Successor Agency.

The DOF provided the Successor Agency with a template that looks similar to the previous ROPS template with a few exceptions listed below:

- The manner in which the ROPS documents are referred to has been changed. Rather than this ROPS being considered "ROPS IV", this ROPS will be "ROPS 13-14A". The next ROPS covering the period of January 1, 2014 through June 30, 2014, will be "ROPS 13-14B". Beginning with the ROPS covering the period July 1, 2014 through December 31, 2014, the ROPS will be referred to as "ROPS 14-15A" and so on; and
- In an attempt to improve tracking, the DOF used ROPS III (January 2013, through June 30, 2013) as a template for all future ROPS. Therefore an item listed on ROPS III as Item 1 will be listed on all future ROPS as Item 1. Items denied previously by DOF are left on the ROPS, but are highlighted to indicate they have been denied.

Currently, the Successor Agency's sources of revenue available to pay for costs listed on the approved ROPS include:

- Former Tax Increment, now held by the Los Angeles County Auditor-Controller in the Redevelopment Property Tax Trust Fund ("RPTTF"); and
- Administrative Allowance for winding down the Redevelopment Activities.

The attached ROPS 13-14A reflects the six month estimated payment obligations for

the Successor Agency in the new format provided and subsequently modified by the DOF. The ROPS 13-14A will be submitted to the Los Angeles County Auditor-Controller, State Controllers' Office and the DOF by March 1, 2013, the statutory deadline.

**CONCLUSION:**

In order to avoid a civil penalty of \$10,000 per day for the Successor Agency's failure to timely submit, it is recommended the Oversight Board adopt a Resolution approving the 13-14A ROPS, so that staff can ensure submittal in a timely manner.

**FISCAL IMPACT:**

The total obligations for the 13-14A ROPS are \$656,163. It is anticipated that the distribution from the Los Angeles County Auditor-Controller will be \$484,163. The variance of \$125,000 represents the allowance for administrative costs. It has yet to be determined when and how that allowance will be distributed. As a result, Successor Agency staff is paying for administrative costs from RPTTF.

**ATTACHMENTS:**

A. ROPS 13-14A